

**PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
COMMISSION DIRECTIVE**

ADMINISTRATIVE MATTER	<input type="checkbox"/>	DATE	<u>September 11, 2013</u>
MOTOR CARRIER MATTER	<input checked="" type="checkbox"/>	DOCKET NO.	<u>2013-42-S</u>
UTILITIES MATTER	<input type="checkbox"/>	ORDER NO.	_____

SUBJECT:

DOCKET NO. 2013-42-S - Application of Palmetto Utilities, Incorporated for Adjustment of Rates and Charges for Sewer Service – A Hearing was Held on this Matter on August 13, 2013. This Matter is Ready for Final Disposition.

COMMISSION ACTION:

A hearing on Palmetto Utility's rate case occurred on August 13. Palmetto states that it requests this rate increase because the Company has made over \$5,470,000 in capital improvements over the last two years. Palmetto originally sought \$39 per single family equivalent per month in its Application, but a settlement agreement between the Company and the Office of Regulatory Staff lessens that amount. The Intervenor Sensor Enterprises, Inc. and J-Ray, Inc., who are operators of fast food restaurants in the Company's service territory, state they do not oppose a rate increase, but they are opposed to the amount of this increase and are not parties to the Settlement. I find the circumstances of this case to be unique and a decision to be difficult because the Settlement Agreement will actually lessen the rates from what the Intervenor are currently paying. Under rates previously approved in the last rate case, as calculated with updated Single Family Equivalents to reflect the Intervenor's current operating load, Sensor Enterprises would pay approximately \$3,900 more per month and J-Ray would pay \$2,900 more per month than they would pay with the Settlement Agreement of this rate case. Under the terms of the Settlement, ORS and the Company propose a rate of \$36.00 per month per single family equivalent, which represents an increase of \$3.00 per month from the current rate. They maintain that this is reasonable to customers of the Company's system while also providing an opportunity to earn a fair operating margin. This increase produces additional revenue of \$609,897 with an operating margin of 17.98%. As established with other wastewater companies, Palmetto Utilities uses DHEC Regulatory Guidelines to calculate the applicable number of Single Family Equivalents or SFEs in determining the rate applied to commercial customers counting one SFE for every 400 gallons. Although the Guidelines allow for charging 40 gallons per drive-thru customer and 40 gallons per restaurant seat, the Settlement lowers this charge for fast food customers based on 10 gallons per car for a drive-thru customer and 40 gallons per seat in the restaurant. Instead, the Intervenor, who are municipal water customers, suggest a wastewater charge based on metered water consumption. Alternatively, they argue that the SFEs should be based on equivalency factors that use 2 gallons per drive-thru customer and 10 gallons per seat. Although I am troubled by the amount of the increase affecting the Intervenor, it costs more to serve commercial customers since their wastewater has significantly higher pollutant concentrations and strength of flow than residential customers. Further, little evidence in the record exists for the proposal to charge based on metered water consumption. The intervenors provided no data about the feasibility of processing water consumption information for billing. Further, there is no analysis of how that process would be more cost effective than the current rate design, and the Commission lacks jurisdiction over municipal water suppliers. As a result of these arguments, I am persuaded by the Company and ORS. I move that we approve the Settlement.

PRESIDING:
Hamilton

SESSION: Regular

TIME: 2:00 p.m.

	MOTION	YES	NO	OTHER
FLEMING	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
HALL	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
HAMILTON	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
HOWARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
RANDALL	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
WHITFIELD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
VACANT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

(SEAL)



RECORDED BY: J. Schmieding